

Message Text

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41

ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-01 CEA-01

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R 310930Z DEC 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 5074

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E.O. 11652: N/A

TAGS: EFIN, IS

SUBJ: THE ISRAELI ECONOMY IN 1975

1. ISRAELI PRESS CONFIRMED BY FINANCE MINISTRY REPORTS THAT FINANCE MINISTER PRESENTED TO RECENT CABINET MEETING FOLLOWING ECONOMIC FORECAST FOR 1975. GNP WILL INCREASE 3 PERCENT, EXPORTS 10 PERCENT AND IMPORTS WILL DECREASE 1 PERCENT, ALL IN REAL TERMS. FOREIGN EXCHANGE RESERVES WILL REMAIN AT \$ ONE BILLION. ANNUAL AVERAGE RATE OF INFLATION WILL BE 38 PERCENT (ASSUMING INTRODUCTION OF VALUE-ADDED-TAX AT RATE OF 10 PERCENT).

2. POPULATION PREDICTED TO INCREASE BY 110,000, INCLUDING 60,000 IMMIGRANTS, FOR TOTAL POPULATION OF 3.5 MILLION. GOI CIVILIAN BUDGET FROZEN AT CONSTANT PRICES. AUSTERITY POLICY WILL PREVAIL IN FIELD OF DEVELOPMENT. INVESTMENTS DECLINED 4.3 PERCENT THIS YEAR AND ARE PROJECTED TO DECLINE 5.3 PERCENT IN 1975.

3. FINANCE MINISTRY ALSO PREDICTED UNEMPLOYMENT RATE OF 5.5 PERCENT IN 1975, COMPARED TO CURRENT RATE OF ABOUT 3.3 PERCENT.

IT ALSO NOTED IN ITS REPORT THAT ISRAEL WOULD STILL BE

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IN CONDITION OF FULL EMPLOYMENT AT AROUND 4.5 PERCENT

UNEMPLOYMENT. FINANCE MINISTRY DENIED PRESS REPORTS OF
UNEMPLOYMENT SECTION OF REPORT. DENIAL LARGELY DUE TO
DIFFERENCES IN MEASURING UNEMPLOYMENT (I.E. LABOR FORCE
SURVEYS VERSUS UNEMPLOYED JOB SEEKERS REGISTERED AT GOI
LABOR EXCHANGES) AND CONTROVERSY OVER WHAT CONSTITUTES
FULL EMPLOYMENT.
KEATING

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Message Attributes

Automatic Decaptioning: X
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Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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EO Systematic Review
30 JUN 2005

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